

**RHODE ISLAND COMMERCE CORPORATION**  
**MEETING OF DIRECTORS**  
**PUBLIC SESSION**  
**January 23, 2017**

**The Board of Directors of the Rhode Island Commerce Corporation (the “Corporation”) met on January 23, 2017, in Public Session, beginning at 5:00 p.m. at the offices of the Corporation, located at 315 Iron Horse Way, Suite 101, Providence, Rhode Island 02908, pursuant to the public notice of meeting, a copy of which is attached hereto as Exhibit A, as required by applicable Rhode Island law.**

**The following Directors were present and participated throughout the meeting as indicated: Governor Gina M. Raimondo, Bernard V. Buonanno III, Jason Kelly, Michael F. McNally, George Nee, Vanessa Toledo-Vickers, Mary Jo Kaplan, Mary Lovejoy, Dr. Nancy Carriuolo, and Karl Wadensten.**

**Directors absent were: Donna M. Sams, Ronald O’Hanley, and Tim Hebert.**

**Also present were: Secretary of Commerce Stefan Pryor, Darin Early and Thomas Carlotto, Esq.**

**1. CALL TO ORDER AND OPENING REMARKS**

**Governor Raimondo called the meeting to order at 5:02 p.m., indicating that a quorum was present.**

**2. TO CONSIDER FOR APPROVAL THE PUBLIC SESSION MINUTES FOR THE MEETING HELD ON DECEMBER 19, 2016.**

**Upon motion duly made by Ms. Toledo-Vickers and seconded by Ms. Carriuolo, the following vote was adopted:**

**VOTED: To approve the Public Session minutes for the meeting held December 19, 2016 as presented to the Board.**

**Voting in favor of the foregoing were: Bernard V. Buonanno III, Jason Kelly, Michael F. McNally, George Nee, Vanessa Toledo-Vickers, Mary Jo Kaplan, Mary Lovejoy, Dr. Nancy Carriuolo, and Karl Wadensten.**

**Voting against the foregoing were: none.**

**3. TO CONSIDER THE APPLICATION OF JOHNSON & JOHNSON FOR INCENTIVES UNDER THE QUALIFIED JOBS INCENTIVE TAX CREDIT PROGRAM AND THE FIRST WAVE CLOSING FUND PROGRAM.**

**Secretary Pryor stated that Johnson & Johnson, a global company, has committed to building a health technology center in Providence. Secretary Pryor commended the Governor on her efforts in attracting**

**Johnson & Johnson to Rhode Island.**

**Secretary Pryor stated that Johnson & Johnson's new health technology center will focus on software development and will result in the creation of seventy-five new jobs for software developers, engineers, and data scientists, with an average salary of \$137,000 per year. He explained that pursuant to the terms of the Qualified Jobs program, the actual salary paid to an employee is what determines the state taxes paid, which, in turn, determines the incentives awarded. Secretary Pryor indicated that pursuant to the proposal, Johnson & Johnson must create the seventy-five jobs by the end of 2018. He noted that Johnson & Johnson has already started recruiting efforts including the engagement of local universities. He further indicated that the proposed incentives have an estimated value of \$4.35 million over ten years, with a twelve year commitment by Johnson & Johnson.**

**Secretary Pryor stated that the initial location for Johnson & Johnson will be 1 Ship Street, Providence, RI ("1 Ship Street"), which is a commercial building in the I-195 district that is owned by Wexford. He indicated that the I-195 Commission has awarded Johnson & Johnson up to \$1,000,000 to be used in the renovation and fit-out of 1 Ship Street. He also indicated that the Corporation is proposing to award Johnson & Johnson \$250,000.00 from the First Wave Closing Fund, which will be used for talent attraction purposes, such as a potential loan repayment program for its employees. Secretary Pryor**

concluded by informing the Board that in the near future it will be asked to consider additional funding with respect to certain occupancy costs related to 1 Ship Street.

The Governor expressed her excitement that Johnson & Johnson is moving to Rhode Island. She also expressed her belief that Johnson & Johnson will discover the benefits of Rhode Island and expand even further in the near future.

Ms. Toledo-Vickers stated that the technology talent and university development is important to fill the jobs that Johnson & Johnson is offering. She further stated that filling Johnson & Johnson's new jobs quickly is important for Johnson & Johnson's retention in addition to attracting of new companies.

Ms. Carriuolo inquired as to the amount of jobs offered by Johnson & Johnson that will be available for recent college graduates without work experience. Mr. Saglio responded that Johnson & Johnson has not identified a specific number, but Johnson & Johnson has been working closely with local universities to recruit college graduates.

Mr. Wadensten expressed his hope that Johnson & Johnson, along with other companies, will hire employees from the State's other employment programs, such as PTECH and Real Jobs RI. He stated that such programs may provide a good pipeline to larger companies for qualified employment candidates.

**Upon motion duly made by Mr. Buonanno and seconded by Mr. Wadensten, the following vote was adopted:**

**VOTED: To approve Johnson & Johnson for an award of incentives under the Qualified Jobs Incentive Tax Credit Act and the First Wave Closing Fund Act pursuant to the Resolution submitted to the Board.**

**Voting in favor of the foregoing were: Bernard V. Buonanno III, Jason Kelly, Michael F. McNally, George Nee, Vanessa Toledo-Vickers, Mary Jo Kaplan, Mary Lovejoy, Dr. Nancy Carriuolo, and Karl Wadensten.**

**Voting against the foregoing were: none.**

**A copy of the Resolution is attached hereto as Exhibit B.**

**4. TO CONSIDER THE APPLICATION OF CORNISH ASSOCIATES, LP FOR INCENTIVES UNDER THE REBUILD RHODE ISLAND TAX CREDIT PROGRAM.**

**Mr. Saglio explained that Cornish Associates, LP (“Cornish”) is seeking incentives under the Rebuild RI tax credit program for a \$29.5 million redevelopment of four historic buildings in downtown Providence. Mr. Saglio stated that Cornish has a proven track record of successful redevelopments of historic buildings.**

**Mr. Saglio stated that the development will result sixty-five residential units and 26,000 square feet of commercial space. He indicated that the project financing gap is approximately \$7.8 million. He explained that the Corporation's staff is recommending that the financing gap be filled with a \$7.3 million loan, in addition to a sales and use tax rebate of \$500,000.00.**

**Mr. McNally expressed his approval of the project because it rehabilitates old, historic buildings that are mainly vacant. He stated that the project supports the goal of making downtown Providence a live/work/play area. He further stated that the project may not create many jobs, but it will play a vital role in the transformation of downtown Providence.**

**Ms. Lovejoy inquired as to the structure of the loan, and Mr. Saglio explained that the term of the loan will be thirty-five years, collect interest at the applicable federal rate, and have a cash pay component similar to other Rebuild RI incentive deals. Mr. Saglio stated that it is difficult to attract capital for historic rehabilitation projects; therefore, the loan is being issued to "buy down" costs and fill a financial need similar to many other similar projects. He explained that there are benefits to structuring the incentive as a loan, especially when the proposed project is a recipient of federal historic tax credits.**

**Mr. Early stated that from a funding perspective, the risk in a loan**

structure is the same as the tax credit structure because no money is disbursed until a certificate of occupancy is acquired. Mr. Buonanno explained that similar to other projects approved for Rebuild tax credits, the Corporation's capital may be returned if the developer achieves an agreed upon return on the project. In response to a question by Mr. Buonanno, Mr. Chase stated that the neighborhood for the project is between Fountain Street and Weybosett Street. Mr. Chase indicated that Cornish has focused on Westminster Street due to the street's environment. He explained that in redeveloping the area, he has attempted to create a downtown urban environment that is attractive to the young working force. He stated that the younger working force has created a high demand for smaller, 500 square foot apartments. Mr. Chase indicated that Cornish hopes to start construction on the project within six months. He also indicated that his current portfolio of real estate houses thirty five businesses that employ approximately 500 employees; therefore, the current project also has the ability to create new jobs.

Mr. Wadensten asked how much of the Corporation's portfolio consists of residential projects, to which Mr. Saglio responded that approximately \$55 million of the portfolio is residential projects. Secretary Pryor noted that the Corporation seeks to balance the portfolio between residential and commercial projects and that the maximum program budget for tax credits is \$150,000,000.

Upon motion duly made by Mr. McNally and seconded by Ms.

**Toledo-Vickers, the following vote was adopted:**

**VOTED: To approve Cornish Associates, LP for an award of incentives under the Rebuild Rhode Island Tax Credit Act pursuant to the Resolution submitted to the Board.**

**Voting in favor of the foregoing were: Bernard V. Buonanno III, Jason Kelly, Michael F. McNally, George Nee, Vanessa Toledo-Vickers, Mary Jo Kaplan, Mary Lovejoy, Dr. Nancy Carriuolo, and Karl Wadensten.**

**Voting against the foregoing were: none.**

**A copy of the Resolution is attached hereto as Exhibit C.**

**5. TO CONSIDER THE APPLICATION OF WHITING & DAVIS, LLC FOR INCENTIVES UNDER THE QUALIFIED JOBS INCENTIVE TAX CREDIT PROGRAM.**

**Mr. Saglio stated that Whiting & Davis, LLC (“Whiting & Davis”) is a metal mesh manufacturing company currently located in North Attleboro, Massachusetts, that manufactures jewelry and industrial safety products. He explained that Whiting and Davis is currently negotiating the purchase of a building in East Providence, Rhode Island, pending the approval of the Qualified Jobs tax credit incentives. Mr. Saglio indicated that Whiting & Davis is seeking incentives under the Qualified Jobs tax credit program for fifteen**



**jobs, which incentives will be paid over ten years with a twelve year commitment by Whiting and Davis to maintain the jobs in the state. Mr. Saglio stated that because Whiting & Davis is a manufacturer, the Corporation's staff is recommending an exception to the Area Median Income ("AMI") minimum threshold under the Qualified Jobs Rules. He further stated that the average salary for employees at the company is \$37,000 per year, which ranges from \$27,000 per year to \$100,000 per year depending on the employee's position in the company.**

**In response to a question by Ms. Toledo-Vickers, Mr. Saglio indicated that Whiting and Davis works closely with Tiffany & Co. and Swarovski, two local companies.**

**Mr. Early noted that the company is seeking incentives for fifteen jobs; however, they are relocating twenty jobs from North Attleboro and the state will benefit from additional jobs that are not subsidized through the Qualified Jobs Tax Credit program.**

**Upon motion duly made by Mr. Wadensten and seconded by Mr. Buonanno, the following vote was adopted:**

**VOTED: To approve Whiting & Davis, LLC for an award of incentives under the Qualified Jobs Incentive Tax Credit Act pursuant to the Resolution submitted to the Board.**

**Voting in favor of the foregoing were: Bernard V. Buonanno III, Jason Kelly, Michael F. McNally, George Nee, Vanessa Toledo-Vickers, Mary Jo Kaplan, Mary Lovejoy, Dr. Nancy Carriuolo, and Karl Wadensten.**

**Voting against the foregoing were: none.**

**A copy of the Resolution is attached hereto as Exhibit D.**

**6. TO CONSIDER AN AMENDMENT TO THE AWARD TO GREYSTONE LINCOLN, INC. UNDER THE QUALIFIED JOBS INCENTIVE TAX CREDIT PROGRAM.**

**Mr. Saglio stated that the Board's first award under the Qualified Jobs Tax Credit program was to Greystone Lincoln, Inc. ("Greystone"), which is a Rhode Island manufacturer. He explained that as the Corporation and Greystone formalized the incentive agreement, it became apparent that while its employees will likely meet the annual salary associated with the AMI threshold some number of these employees would not meet the actual hourly wage AMI threshold required by the Rules. Mr. Saglio stated that for such reason, the Corporation's staff is recommending that the Board grant Greystone an exception to the AMI minimum threshold under the manufacturer's exception contained in the Qualified Jobs Incentive Tax Credit Act.**

**In response to a question by Mr. Wadensten, Mr. Saglio stated that the Corporation is required to calculate hourly wage and**

**compensation pursuant to the Rules. He explained that the AMI exception should be relaxed to accommodate Greystone's liberal overtime policy. In response to questions by Mr. Nee, Mr. Saglio stated that Greystone has already hired the majority of the employees required by the proposed incentive agreement and that many of those employees are receiving a salary higher than required under the incentive agreement.**

**Mr. Wadensten expressed his concern that overtime is only available if there is demand for the product. In response to Mr. Wadensten's concern, Mr. McNally noted that if Greystone pays less, then they will receive less of a tax credit.**

**Upon motion duly made by Mr. Buonanno and seconded by Mr. Nee, the following vote was adopted:**

**VOTED: To approve the amendment to the award to Greystone Lincoln, Inc., pursuant to the Resolution submitted to the Board.**

**Voting in favor of the foregoing were: Bernard V. Buonanno III, Jason Kelly, Michael F. McNally, George Nee, Vanessa Toledo-Vickers, Mary Jo Kaplan, Mary Lovejoy, Dr. Nancy Carriuolo, and Karl Wadensten.**

**Voting against the foregoing were: none**

**A copy of the Resolution is attached hereto as Exhibit E.**

## **7. TO CONSIDER AWARDS TO APPLICANTS FOR INNOVATION VOUCHERS.**

**Dr. Carriuolo and Ms. Lovejoy recused from participation in the agenda item.**

**Ms. Smith explained that innovation vouchers are grants up to \$50,000 that are awarded to companies so that the companies have access to research and development resources at local universities and hospitals. She stated that the Corporation is in its second year of awarding innovation vouchers and that the Corporation has received thirty-one applications for awards under a \$1.5 million budget. She recalled that in November, 2016, the Board awarded approximately \$280,000.00 in innovation vouchers to support six projects. She stated that the Corporation's staff is currently seeking \$246,302.00 in awards for five projects, which include research for virtual reality, medical devices, data analytics, and green technology, among others.**

**Ms. Smith stated that three new institutions (New England Technology, Rhode Island School of Design, and the Providence VA) have joined the innovation vouchers program as partners.**

**Ms. Smith indicated that if the Board approves the innovation vouchers before it, then it will have awarded \$977,000.00 to twenty two projects since the inception of the innovation vouchers program, which have been connected with nine local knowledge partners to**

**assist in research in development.**

**In response to a question by Mr. Nee, Ms. Smith stated that each applicant, as part of its agreement and before it receives funding, must report the project's anticipated milestones. She further explained that after the award is funded, the applicant must still provide quarterly reports on the project's process. Ms. Smith also stated that the Corporation maintains contact with the institutional partner for updates because the awarded vouchers are funded directly to the institution.**

**In response to a question from Mr. Buonanno, Ms. Smith stated that applicants have been denied; however, the Corporation's staff consults with those applicants that have been denied to help them bolster their applications. She explained that one applicant was denied, and after consultation with the Corporation, reapplied and was subsequently awarded an innovation voucher.**

**In response to a question by Mr. Wadensten, Ms. Smith indicated that the Corporation stays in contact with all partnering organizations involved in the program. Mr. Buonanno commended the program and stated that he would like to see some feedback from the program's participants.**

**Upon motion duly made by Ms. Toledo-Vickers and seconded by Mr. Nee, the following vote was adopted:**

**VOTED: To approve the awards to applicants for Innovation Vouchers pursuant to the Resolution submitted to the Board.**

**Voting in favor of the foregoing were: Bernard V. Buonanno III, Jason Kelly, Michael F. McNally, George Nee, Vanessa Toledo-Vickers, Mary Jo Kaplan, and Karl Wadensten.**

**Voting against the foregoing were: none.**

**A copy of the Resolution is attached hereto as Exhibit F.**

**8. TO CONSIDER THE APPROVAL OF MATCHING FUNDS AND RETENTION OF CONSULTANTS FOR THE ANCHOR PROCUREMENT INITIATIVE.**

**The Governor introduced Dan Jennings and explained that the Anchor Procurement Initiative (the “Initiative”) is a collective effort by several local anchor institutions to purchase from local companies.**

**Mr. Jennings stated that the Corporation has engaged in efforts to leverage the purchasing power of local anchor institutions to help local small businesses. He explained that five anchor institutions—Rhode Island School of Design, Brown University, Roger Williams University, New England Institute of Technology, and Care New England (“the Anchors”)—have agreed to participate in the**

**Initiative. Mr. Jennings stated that to accomplish the goals of the Initiative, the Corporation will (1) analyze the Anchors' spending; (2) target spending categories that can be transferred to local businesses; and (3) design a program that can accommodate any business in the State that wishes to procure more services and good from local companies.**

**Mr. Jennings stated that to institute the Initiative, three actions need to be approved. He stated that first, the Corporation's staff was recommending U3 Advisors and Next Street for approval as consultants to assist with implementation of the Initiative. Second, Mr. Jennings stated that the Corporation's staff was recommending that the Board accept a \$128,000.00 grant commitment from F.B. Heron Foundation ("F.B. Heron") with a commitment of the Corporation to match up to the amount of \$40,000 to pay for the consultants' services. Lastly, Mr. Jennings stated that the Corporation's staff was recommending that the Board authorize entry into a funding agreement with the Rhode Island Foundation, who will act as a fiscal conduit for F.B. Heron's grant commitment.**

**Mr. Buonanno and Dr. Carriuolo expressed their approval for the Initiative. Mr. Buonanno stated that the Initiative could be the first step in incentivizing other Rhode Island companies to make local procurements.**

**In response to a question by Mr. McNally, Mr. Jennings stated that**

generally, academic institutions begin a local procurement initiative, which is later adopted by local private corporations. Mr. Jennings explained that a simple program must be established so as to incentivize other companies to participate.

Upon motion duly made by Mr. Nee and seconded by Mr. Kelly, the following vote was adopted:

**VOTED:** To approve the acceptance of a grant from F.B. Heron Foundation and to approve the selection of vendors to perform services pursuant to the Resolution submitted to the Board.

Voting in favor of the foregoing were: Bernard V. Buonanno III, Jason Kelly, Michael F. McNally, George Nee, Vanessa Toledo-Vickers, Mary Jo Kaplan, Mary Lovejoy, Dr. Nancy Carriuolo, and Karl Wadensten.

Voting against the foregoing were: none.

A copy of the Resolution is attached hereto as Exhibit G.

## **9. TO CONSIDER AMENDMENTS TO THE CORPORATION'S RETIREMENT PLAN.**

Ms. Lasky explained that before the Board for approval was an amendment to the Corporation's 457 retirement plan to bring it into conformance with the Economic Growth and Tax Relief



**Reconciliation Act. Ms. Lasky indicated that the retirement plan has not been updated since 1998 and that the Corporation was recently informed that it was out of compliance. In response to a question by Ms. Lovejoy, Ms. Lasky stated that the Corporation employs a broker to ensure compliance with federal statutes.**

**Upon motion duly made by Mr. Nee and seconded by Ms. Toledo-Vickers, the following vote was adopted:**

**VOTED: To approve the amendments to the Corporation's retirement plan submitted to the Board.**

**Voting in favor of the foregoing were: Bernard V. Buonanno III, Jason Kelly, Michael F. McNally, George Nee, Vanessa Toledo-Vickers, Mary Jo Kaplan, Mary Lovejoy, Dr. Nancy Carriuolo, and Karl Wadensten.**

**Voting against the foregoing were: none.**

**A copy of the amendments is attached hereto as Exhibit H.**

**There being no further business in Public Session, the meeting was adjourned by unanimous consent at 5:55 p.m., upon motion made by Mr. Wadensten and seconded by Mr. Kelly.**

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**Thomas Carlotto, Secretary**